

**CDWA**

CALIFORNIA DAIRY WOMEN ASSOCIATION  
619 S. VINCENT RD. - TURLOCK, CA. 95380  
Phone 209 632-7225 - Fax 209 634-0885

November 12, 2009

Mr. David Ikari, Chief  
Dairy Marketing Branch  
California Department of Food and Agriculture  
1220 N St.  
Sacramento, CA. 95814

**RE: November 9<sup>th</sup> - Emergency Hearing - Post Hearing Brief**

Madam Hearing Officer and Members of the Hearing Panel:

Thank you for the opportunity to file this post hearing brief.

I have four comments to add to the testimony given at the hearing. The first is obvious. The California dairy industry has extreme financial losses which were verified by the testimony by Pete Hoesktra for Genske, Mulder & CO., LLP, and Certified Public Accountants and by the figures by CDFA. These figures cannot be ignored.

Secondly, the processors, ( that have recorded record profits this past year), were adamant that they wanted to increase the milk price very little or nothing at all. Even though they testified that they are **short of milk** and are no longer lacking plant capacity. (These people were all paid to come and testify). The cooperatives and the processors are only going to pay the dairy producers what you, the CDFA mandates.

Third, I want to remind you that the CDWA's proposal is a **temporary** proposal. We are not asking to make record profits (like the processors) but just cover our costs. We also included the plants make allowance into our proposal and assumed it would be increased at some time. The proposal would cover only 90% of our cost of production. This would also give confidence to our bankers and creditors until the market prices, hopefully reach cost of production. It included a 2009 production cap, to not encourage over production. I think our proposal was ignored or given very little consideration because it was submitted

by the CDWA, a women's organization. I would hope that this proposal would be given full consideration by the CDFA.

Last, but not least you must consider the impact this is having on our employees, vendors, and the consumers. Due to this extreme low milk price we have had to lay off employees. (That is the reason more dairymen were not present at the hearing) We had to cut back on their wages, and their health care. They have no retirement or 401k (like the Nestle representative, Ms. Stroup). Our vendors have all had to do the same. These workers are unskilled and will have a hard time to acquire new employment other than dairy work. These people will be on unemployment or even welfare. Their families will suffer. These employees are consumers. Consumers that buy products. Products that many other companies produce. Products that they will no longer afford. In turn the economy of the State of California will greatly be affected. This is called the domino effect. I am including many letters from dairymen and vendors expressing their concern for the dairy industry and their businesses.

**You the CDFA have the power to stop this travesty from happening to the California consumer, employee, employer and economy. This is in your hands!**

Sincerely,



Linda Lopes, President  
California Dairy Women Association

To the Hearing Officers and Members of the Hearing Panel

My name is Ken Olds and I have been a lender for over 30 years. I am in charge of a bank branch which supplies and supports the credit needs of dairies and dairy families within our community. Of our branch's loan volume, approximately 90% is in dairy financing. I believe we have some of the financially strongest, best and most efficient dairies in the area.

I am not writing to tell you what needs to be done or how the mechanism that determines producer pricing of milk needs to be changed as these are areas well outside of my area of expertise. What I believe I can give you is a sense of the urgency with which you need to react to the current devastating economic condition facing dairy producers.

I am sure you realize the dairy industry is a multi-billion dollar industry for the State of California and U.S. economy in general. Losses which have been sustained by dairymen over the last 12 months have not only had an affect on their operations but equally on all areas of business, large and small within California and U.S. dairy communities.

I understand that you, as representatives of all people and all businesses, must listen to and determine what is best for all. I have been told that many processors and sellers of milk and milk products have made some of the largest profits in their company's histories, so I can understand why they do not want to see any changes within the current system. It does however, seem curious that while these businesses are profiting, dairy producers continue to sustain losses and are on the verge of collapse. This being the case then, it is logical to see that there are inequities in the current pricing system between those who provide the product and those who sell the product.

It is quite baffling to me to understand why there has been little to no effect on dairy producer milk prices with the number of animals removed from production thru the CWT program and Processor Base Production Limits which were placed on producers. It is further baffling to me how producer prices could continue to be depressed while consumer milk prices continue their highs and processors are now short of milk to fill forward contracts.

Losses sustained by dairy producers are unprecedented and they can not continue. Dairy animal values have declined by over 50%, which means that dairy producer equity has been eroded by a like amount and when coupled with continuous monthly losses sustained within their business over the past 12 months (with no, and I mean no real sense of where producer prices will be in the

next 12 months), the dairy businesses within California are doomed unless there is some type of immediate intervention.

Continued losses which are currently being seen within the dairy community cannot continue or we will see the worst mass exodus, whether voluntary or forced, of a single industry that this country has experienced in its existence. This, I'm sure you understand, will have a trickle down affect further depressing our entire economy and its recovery.

Lenders cannot continue to loan into an industry that shows no signs of recovery. Lenders cannot continue to loan to businesses that do not show signs of profitability.

Lenders cannot continue to loan to businesses that have little or no equity remaining.

We are there now!

I urge you to immediately implement a policy that will provide for producer profits for a specific period of time. This will allow the industry as a whole to prepare and present a feasible and equitable plan that will stabilize the price of milk and milk products on a go forward basis while providing a sufficient living for dairy families.

Thank you for your consideration concerning this matter.

Sincerely,

Ken Olds  
Senior Vice President

**TDR**  
**Turlock Dairy & Refrigeration, Inc.**  
**P.O. BOX 1530 • Turlock, CA 95381-1530 • Phone (209) 667-MILK**

*November 10, 2009*

*California Department of Food & Agriculture  
Re: Emergency Milk Hearing*

*To Whom It May Concern:*

*Please accept this letter as testimony of how the lower milk prices have had a calamitous effect not only on the dairymen, but also on the businesses like ours that supply the dairy industry with product and/or services.*

*TDR has been in business for over 30 years, and the effects of this current dairy recession, is unlike any other before. For the past 25 years, we have steadily increased our work force to 111 employees to keep up with the construction, equipment installation, and service on the dairy farms.*

*From November of 2008 to date, we have laid off 55 employees, due to the down turn in the economy and the price the dairymen are receiving for their product.*

*The future does not look bright and unfortunately, we do not see an end to this current market trend.*

*Not only are we fearful of more layoffs, we are struggling to maintain open accounts with our vendors.*

*The dairymen have been unable to stay current on their payments and our accounts receivables are running 120 days past due or more.*

*The dairy industry is very vital. When they make money, they spend money, which we feel is the key to a strong economy.*

*Thank you for your consideration on this matter.*

*Tony Bruno*  
*Tony Bruno, Jr.*  
*Turlock Dairy & Refrigeration, Inc.*  
*OWNER*

Joe Ramos  
22419 Kilburn Rd.  
Crows Landing, Ca. 95313

As a longtime advisor and consultant to many dairy families in Merced and Stanislaus County, I have witnessed personally the hardship imposed upon dairy families by the dramatic drop in milk prices over the past year. The dairies I am referring to are well managed and fiscally responsible operations that regardless of cost reductions they have imposed including modifying their feed programs, reducing their labor forces, eliminating outside services, etc. have found no avenues to limit the dramatic financial losses they have incurred on their operations.

At the same time as a consumer I have not seen a correlation with this drop in price with what I continue to pay at the grocery store for dairy products. Although I realize that there are fixed prices in manufacturing the products it still appears the prices I pay should have dropped more significantly.

I encourage the CDFA to support emergency price adjustments to help dairy families through what is far and away the most dramatic "price gap" between cost of production and milk price ever experienced.

Sincerely,

Joe Ramos

## **ROLLAND PACHECO**

Dairy Consultant for J.D. Heiskell & Co.

November 11, 2009

To Whom It May Concern:

I have been in the dairy industry my entire life. Well managed dairies have always done well and poor managed or over leveraged dairies have gone out of business. The problem in the dairy business today is the volatility in milk price has become so violent that none of the dairies can pay their bills and the good milk prices are so short lived that the dairies still can't get caught up on their bills. Processors are asking for more milk but where is the milk price increase? So if the low price is not supply and demand, what is it? This is trickle down economic in reverse because the dairies can't pay their bills the Ag industry has a whole is suffering. farmers, dairy equipment dealers, veterinarians, hoof trimmers, dairy supplies and medicine, feed mills, custom farmers and many more are not getting paid and are suffering massive layoffs which is adding to the bad economy has a whole. Short term action needs to be taken NOW with long term well thought out solution to come soon after. If action is not taken soon the Ag industry will take many years to recover.

Rolland Pacheco  
Dairy Consultant  
J.D. Heiskell & Co.

**Subj:** FW: Industry Financial Concerns  
**Date:** 11/12/2009 11:13:53 A.M. Pacific Standard Time  
**From:** gkessler@csrsummitt.com  
**To:** LDAIRY@AOL.COM, BAYMEADOWWF@AOL.COM

---

**From:** craig schmidt [mailto:cschmidt7s@yahoo.com]  
**Sent:** Thursday, November 12, 2009 11:08 AM  
**To:** john kessler; john kessler; greg kessler  
**Subject:** Industry Financial Concerns

To Whom It May Concern:

I am writing this memo to give you an insight on the repercussions we have felt from the extended poor dairy prices. As you would expect, our sales of animal health items have fallen substantially. Producers are not utilizing the products to the full potential to maximize their return on investment. The reasoning they use is they just don't have the capital to spend. By sacrificing full utilization of these products, they are sacrificing ultimate performance.

Because producers are cutting back on products they use, we in turn have cut back on all the products we purchase. This reduction in purchases goes further than product inventory, it also includes many services, advertising, promotions, and overall operations that we were spending resources on.

One the hardest issues we are facing is our dramatic increase in our account receivables. Customers who have been long established in doing business with us are now having difficulty paying their invoices. We have no choice but to no longer sell them the products they need until their account is current with us. This interrupts our sales to these long time customers, and again affects our sales. However, this is the "good" scenario, we have quite a list that we have not had before of customers that have or will close their operation, leaving us with thousands of dollars in noncollectable account receivables. I can only hope we can sustain the delinquencies we will experience at the end of the year.

Our company is an animal health distributor, servicing the dairy, beef, swine, poultry, canine, feline and equine markets throughout the United States. We are headquartered in Omaha, NE. and have locations in Nebraska, North Carolina, Pennsylvania, Arkansas and California. If you have any questions, or would like any further information, I can be reached at the contact information below.

Than you for your attention to this memo.

Craig Schmidt  
CSR Company Inc.  
11143 Mockingbird Drive  
Omaha, NE. 68137

Phone: 402-731-9600  
Fax: 402-731-9829  
Email: cschmidt7s@yahoo.com



# *Lawley's, Inc.*

November 11, 2009

To whom this may concern,

I would like to relate to you the impact that the low milk prices have had upon our company. We sell calf products to dairies throughout all of California and so we have first hand knowledge of some of the problems that dairies are facing today due to low milk prices.

We have been in business for 25 years and in that time we have seen the usual ups and downs that dairies go through. Today's climate is nothing like the usual problems they face. We typically have a few dairies who may be experiencing temporary financial hardship and as such they are unable to pay their bills on time. Now we have seen dairies which have never in twenty five years been late on paying their bill unable to do so. Today we have a large percentage of our customers more than 90 days ( or more ) past due on their invoices. In many cases today the dairies cannot even afford to feed milk replacer to their calves and instead they have to feed milk which would normally go into their tanks for sale. This hurts them again by reducing the amount they would receive on their monthly milk check.

We are in the same boat with our customers because we, in turn, find it difficult to keep manufacturing and delivering our products and paying our employees and suppliers when we cannot count on timely payment for our goods and services. We are a small family owned business just as most dairies are and just like them, we can only stay in business so long without positive cash flow. We try our best to work with our customers to make it possible for us both to continue to operate but in the end, the dairies must get a good return on their investment or they and businesses like ours who supply products to the dairies will vanish.

# *Lawley's, Inc.*

Obviously, we would like to see something done to help ensure that one of the most important agricultural industries in California is not left to disappear due to lack of fair payment for their product. This industry produces products which are vital to good health and nutrition. We are not talking about luxury products such as yachts here. We are talking about some of the staples of our diet; milk and cheese and all of the other products which include them in their recipes.

Something must be done to help these hard working, productive members of our society. Many other jobs are created by these dairies. Those jobs spread far beyond the driveways of the dairies. Just try to think about all of the jobs that are created by supplying all of the goods and services to all of the dairies in California. If you will just give it a little thought you will see that much more is at stake than just the dairies themselves. The economic impact spreads far and wide due to the amount of work provided by dairies to the surrounding communities.

It makes good sense financially to our state to ensure that the dairy industry stays healthy. It makes good sense for the health of our children and families that the dairy industry is healthy. As I previously stated, we are talking about healthy food and a part of most American's regular diet not some luxury item which only a wealthy few may choose to indulge themselves with.

Please help the dairy industry receive fair payment for their hard work and their wonderfully nutritious product. It makes good sense.

Sincerely,



Gary Miller  
General Manager  
Lawleys Inc.

**Valley Calf Ranch  
P.O. Box 489  
Chowchilla, CA 93610**

California Department of Food & Agriculture

To Whom It May Concern:

We are writing due to our concerns about the dairy industry. Our business depends on a financially secure dairy industry which gets paid fair prices for their milk. Our business depends on a dairy industry which can pay their expenses out of their milk checks. When the dairy industry is not getting milk checks which cover their expenses, we suffer. Many businesses suffer, including our suppliers. Suffer may not be a strong enough word as we are struggling to survive.

The last several months have been devastating to California dairymen, dairywomen, and their families. It has been equally devastating to the businesses whose livelihood depends on the California dairy industry. Dairies and the businesses they use are facing financial crises which not only affect them, but each of their employees and their families. When a dairy closes, all of its employees are laid off. The dairy's vendors often have to downsize as well. The "ripple effect" impacts a variety of businesses downstream and each of those businesses' employees. This in turn, impacts our State, which is already seeing high unemployment, including record high unemployment in several geographical areas.

We are not looking for a hand out. We are looking for fair prices and a plan to be implemented immediately which will enable the dairy industry, including businesses like ours, to return to financial stability now, both short-term and long-term. This is best for the industry. It is best for everyone in the State of California. It will benefit all and help the State of California survive its current economic shortfall.

Sincerely,

  
Vicki Fagundes

Valley Calf Ranch

**California Department of Food and Agriculture: Dairy Marketing Branch**

**Need for emergency increase in California milk price**

My name is Dr. Robert Cherenson. I am a dairy veterinarian with Lander Veterinary Clinic and a dairy farmer in Turlock, California. I submit this letter to encourage the California Department of Food and Agriculture to seriously consider adjusting the basic minimum price paid to dairy farmers for farm gate raw milk to reflect the dire need of the industry. (Ref: November 9, 2009 Class 1, 2, 3, 4a, and 4b Milk Hearing)

It is not new news that the US and world economies have been dismal in 2009. One sector specifically, the California dairy industry, has been struggling at an unprecedented level. While the dairy industry is somewhat accustomed too, and has been able to tolerate, the normal rollercoaster in milk pricing, the extreme plunge in 2009 has been catastrophic. Unlike other professions, raising livestock requires ongoing inputs for feed and care for the animals. It is impossible to create a slow down. The industry has already implemented strong milk production caps to bring supply and demand into greater balance.

Additionally, dairy farming really has evolved into a way of life and a calling for most dairy families. Often time, dairy farmers live on their farms and pass them from generation to generation. With that stated, exiting the dairy industry is an extremely difficult decision, and usually an option of last resort.

I need not clarify for you, how important the dairy industry is to California, especially the Central Valley. It is essential for you to understand the domino effect of this industry on other sectors of the general economy. For example, our veterinary practice is over 90% dedicated to serving the dairy industry. Our business volume is down approximately 30% and accounts receivables are up 100%.

We were 15-veterinarians, currently 14, and likely to down size to 13. We have not only downsized our professional staff, but reduced hours for many of our eighteen support personnel. Additionally, we have frozen all salaries and decreased contributions to our employee retirement plan 60%. We have switched health insurance coverage to a higher deductible option with reduced coverage as well. We have reduced charitable contributions over 75%, and have suspended major capital purchases and expenditures. This has been out of necessity. And yes, we the owners of the company have taken huge compensation reductions. This has been a dismal experience for our company that has been in business for 60 years.

I understand that in America most of us choose to follow a career path, and I am not looking for pity. Rather I would think the California government, when it could, would want to encourage business stability, and encourage private business to help provide health care and retirement funding for their employees. Additionally, it is clear that specific components of the dairy processing and retailing sectors have experienced record profit levels in 2009. There is inherently something wrong with this discrepancy in the fore and aft of the dairy industry.

It has always been the responsibility of the government to "level the playing field" and make sure fair decisions are made for all sides. This may require shifting ratios from time to time. The current pricing structure is markedly skewed and it is up to you, the hearing panel, to implement a more equitable distribution of the finite amount of milk dollars.

Respectfully submitted,

Robert B. Cherenson, DVM

Lander Veterinary Clinic and QMS Dairy

4512 S. Walnut Ave., Turlock, CA 95380

Too whom this may concern:

Being in business in this valley for over 21 years I have grown up living on a dairy in my younger years feeding cows at the we hours of the morning then going too school getting out and going right too work doing field work then back too feeding again in the late afternoon and then get up and do it all over again every day .Seeing how hard my parents worked I thought I would go too school and get some education in a field that I loved and still love too this day and that working on cars. I opened an auto body repair shop in Hilmar, Ca in 1988 and have been serving the community and surrounding area's since that time.

In this area of central Calif dairy farming and agriculture are the number one business. We have seen in the years past when farmers and dairymen were doing good it seems that the economy was better, from spending money at the local vendors, they would keep there vehicles in shape by repainting, repairing body work keeping them looking good. Now in the past year we have done the most important repairs just too keep them moving, we have noticed a decline in business thru out the community in different owners we talk too regarding this issue of the dairyman struggling everyday, put yourself in the position that when you open your door for business everyday that you know that your going too be in the red and with no relief insight i will bet that you be so stressed that you will not sleep for nights on end laying awake wondering if things will ever change , it is very stressful not knowing what tomorrow will bring in this poor economy. i talk too dairyman all the time that have been great customers over the years and i hear it in their voices and see it on theirs faces of the everyday struggles to be in the dairy industry right now, I pray for them everyday because I know how important it is too me and my family and the community that this industry will turn around very soon. I know I'm only one person talking but you could talk too everyone related to this problem and you will see that every one is effected, some people think that you just go the store and get some milk, butter, ice cream just name a few items that are produced by the dairy industry, they have no idea where the product came from or how much time and effort its takes by dairyman too get that product too the consumers, I could go on and on but I think i have got point across how this effects us everyday, thanks for the opportunity to express our feeling with issue

Frank Silveira  
Owner of S&S Bodyworks  
Hilmar, Ca



**DUST CONTROL**  
*by Dennis*

Nov 12, 2009

Dust Control by Dennis  
Dennis and Karen Borrelli  
7505 S. Whitworth Rd  
Gustine, Ca 95322  
209-854-2589

To whom it may concern,

We have a dust control business in Gustine California. It is an agriculture based business that serves both farmers and dairymen. Our business was greatly affected by the Dairy Industry. This year our dairy customers were facing very difficult times because of the low milk prices. In a normal year our dairy customers count for 33 percent of our cliental, this year it counted for only about 8 percent. We offered dairies lower prices knowing how they were financially strapped. Milk prices don't just affect the dairies; it trickles down to many other forms of businesses.

Sincerely,  
Dennis and Karen Borrelli

*Karen Borrelli, Owner*



22332 West Third Ave., Stevenson, CA 95374 - (209) 632-0508 - (209) 634-4836-Fax (209) 632-8198  
Email: info@machadobackhoe.com - Contractors License # 732637

November 11, 2009

California Department of Food & Agriculture & the State Of California:

Dear Ladies and Gentlemen:

Subject: Dairy Crisis.

I was going to address this letter, To Whom It May Concern, but in reality this letter concerns everyone at CDFA and every citizen of the State of California. Let's skip over all of the statistics that are in front of all of our faces, and get to the bottom line. The point is, something has to change and it has to change now. This state that we all call home and the California Dairy Industry, which is the leading dairy industry in our country is in grave danger. The dairy crisis isn't just affecting the rural communities of this state and affecting only small family farms, it is truly affecting the entire state and every industry in it. In 2007 alone, the California Milk Advisory Board reported on September 9, 2008 that California's dairy business has a \$61.4 billion dollar economic impact on the state, and remains the Nation's leading dairy producer. With this kind of an impact to our already insolvent state, why isn't this dairy crisis one of our number one priorities? This matter should be talked about over and over until an equitable solution is produced. This detrimental problem lies in the hands of all of you hearing officers, panel members, our elected government officials, and every single processor, both large and small.

I for one am not a dairyman; however my business has been adversely affected by this dairy crisis. Over ninety percent of our clientele is our dairymen and women, and when they struggle, we struggle. When the dairy farmers are unjustly paid for their product and cannot even meet their cost of production to at least break-even every month, guess where my bill to them goes, it goes to the bottom of the pile, which means I don't get paid. When my customers cannot pay me for jobs completed, then, I can't make my payroll or pay my vendors. Thus, I am forced with no other choice but to cut overhead costs. What does that spell out to the average person; it spells layoffs, which consequently increases this states ever climbing unemployment rate. It is imperative that there is an increase to the price of milk paid to the dairymen, and that increase be enough to cover their cost of production and to feed their families, the way it should be. The way it stands today, the dairy farmers and I wake up every morning and bust our butts all day long, and at the end of that day, we are all in worse financial shape than if everyone would have just stayed in bed. Everyday a dairy farmer loses their battle because of this, and everyday many Californians lose their jobs, their homes, and their sense of pride. Put a stop to this torturous downward spiral, let's save the remaining dairymen, the contractors and vendors that depend on them, and thus save the state of California as we know it.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Natalie C. Machado Pires'. The signature is fluid and cursive, with a large, stylized 'P' at the end.

Natalie C. Machado Pires, MBA  
Machado Backhoe, Inc.



Fred L. Strauss  
Branch Manager

Dept. of Food and Agriculture

1220 N. Street

Sacramento, Ca. 95814

November 10, 2009

To whom it may concern,

This letter concerns the current milk prices paid to dairies throughout California and the consequences to associated industries. When we look at a problem we tend to only look at the direct effects on the people or industry involved and not the extenuating factors. When the state started laying employees off a few days a month, the direct effect of savings to the state and loss of income to employees was all that was discussed. In reality local businesses were greatly impacted on those days employees did not work. The broader picture of reduction in overall purchases by those employees and businesses created a mini recession not realized outside those directly affected.

We have and are facing a very similar situation related to dairies. The price paid to dairies for milk is way below the cost of producing that milk. Dairies have had to make drastic cuts and subsequently the products they buy to support their operations have been driven down, in many cases below costs.

At Crop Production Services we provide products for the growing of crops that dairies need to feed and nourish their cows. These crops include Alfalfa, Silage Corn, forage crops such as Oats, and grain crops such as wheat and barley. Right now many of these crops are priced below growing cost or at break even at best. Growers are cutting back on inputs and we have seen a ripple effect that has caused us to lose business and thus income. Alfalfa last year was selling for \$240 per ton and this year as low as \$80 per ton, far below production costs.

This cannot continue, the dairies are losing thousands of dollars per day, and the supporting businesses are facing the same situation. Bottom line is thousands of people are losing their jobs, no one is buying anything, and it will only get worse as more dairies go broke.

We need your support in raising the milk support price. Dairies cannot survive much longer, and the businesses will not come back to our great state once they leave.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Fred L. Strauss', is written over a horizontal line.

Fred L. Strauss

Branch Manager



**Valley Dairy Supply, Inc.**  
**23616 Williams Ave.**  
**Hillmar, Ca 95324**  
**Phone 209-667-2566 Fax 209-634-0881**

11/10/09

**California Food and Agriculture**  
**1220 N. Street**  
**Sacramento, CA 953814**

To Whom It May Concern:

We are a vendor for many of Merced and Stanislaus County's Dairy farms. We offer them a variety of farming needs and supplies. We supply close to 200 customers with Dairy's. Over the previous 2 years we have started to see a vast change in sales and account's receivables. We went from a growing Dairy supply store to a struggling supply store. When the Dairy owners do not have enough money to make there payments our store and many others are the ones that get affected. On top of the fact that we are not receiving any payments we are not able to pay our suppliers either. With the taxes higher than ever it has left us with no choice but to not pay. The Dairy business needs to be fixed!

If it doesn't us and a lot that already have, will be out of business and that won't be good on the economy with the state it is in. What many people don't see is that the Dairy business not only is an economy boost, but it's also a family tradition that donates to many schools and town needs. When the business is bad it affects many people in a close nit community. If you go into a store in this town you will know who everyone is that walks through the door. But with times the way it is I don't see the town making it through much more hardship. With out the revenue from the Dairy business I see our company not making it much longer as well. So for the sake of the town and our business please help construct a plan to fix the Dairy business.

Thank you,

**Valley Dairy Supply, Inc.**  
**Staff**

From:Breshears, Inc.

209 522 2406

11/11/2009 11:41

4068 P.001/001



**W.H. BRESHEARS, INC.**  
PETROLEUM MARKETING COMPANY

Mobile Office • Lubricants • Marine Fuel

Your Energy Source.

**CORPORATE OFFICES**

P.O. Box 102  
Monterey, California 95061  
Tel: (209) 522-7281  
Fax: (209) 522-2400

November 11, 2009

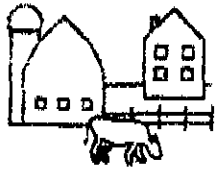
To whom it may concern:

W.H. Breshears, Inc. has been providing fuels and lubricants to the Dairy industry for 60+ years. The current economic condition of this industry has impacted us greatly. We are seeing dairy operations that are now unable to pay their fuel account balances in a timely manner, which extends credit terms far beyond acceptable due dates. We have seen a significant number of these businesses either cease operations or file bankruptcy and this puts a strain on our ability to extend credit to current operators.

We are hopeful that the economic conditions will improve so that we may keep our company healthy, thereby providing fuel and lubricants that the Dairy industry needs in order to survive.

Sincerely,

W.H. Breshears, Inc.



**Feed Services Co.**  
**11567 E. Bullard Ave.**  
**Clavis, CA. 93619**  
**(559) 323-0795, FAX (559) 323-9769**

Hearing Officer  
Dept of Food & Agriculture  
P.O. Box 942872  
Sacramento, CA 94271

November 11/2009

Dear Sir:

I am writing to you at this time to register my concern regarding the dairy situation here in California. I have carried a Feed Dealer's license for 38 years. My small company with three employees has an annual booking of in excess of fifteen million dollars. Many truckers and rail service employees support our efforts. I have seen many changes in the feed and dairy industries come and go in that time. However, I have never witnessed the industry in such a dire state as it is in today.

Milk prices are approximately 50% of the cost of production. This has been the case for twelve long months. There is no measurable decline in feed costs expected in the next three months. Feed costs are the largest part of the operational cost of running a dairy. In all my years in this industry I have never seen a generation of equity wiped out so quickly. Dairymen and women have watched the future of their families wiped out so as to continue in business.

It seems to me that everyone involved in the business of making milk is being protected from this unprecedented downturn except the dairyman and his feed supplier. Feed suppliers are unsecured creditors of the dairyman. The Bank who provides long term financing is secured, the creamery is protected by a "make allowance" but the feed supplier and the dairyman are "on their own". The continued disaster in the dairy industry has had and will continue to have wide ranging consequences for the entire economy of California. I notice that the retail price of milk is the same as when dairymen received \$19 per cwt!

The dairymen are asking for temporary measures to be taken to help them survive, not a handout or compensation for past losses. They simply ask for a rethinking of how milk is produced and paid for. California has the best system in the country to process and regulate the safe and efficient distribution of milk products. All dairymen ask is to have a system where they are fairly reimbursed for their investment and efforts.

Sincerely Yours,

*Wes Creswick*



Date: November 11, 2009

To Whom It May Concern:

This letter is to inform you that the economic strain on the dairy industry has also been negatively affecting our company. We have been unable to collect payments for feed supplied to our dairy customers for quite some time. We currently have dairy customers who are over 120 days past due on outstanding invoices. If this trend continues, we will need to reconsider further feed sales until our dairy customers are able to pay in a timelier manner.

Sincerely,

*David Santos*

**Subj:** Re: Fw: testimony  
**Date:** 11/11/2009 6:25:15 P.M. Pacific Standard Time  
**From:** Martinmarquez5  
**To:** Ldairy

M. Marquez Hoofttrimmig  
1410 Pismo Place  
Modesto, CA 95351  
(209) 804-4195  
MartinMarquez5@aol.com

I, M. Marquez Hoofttrimmig Co., would like to join with all of the dairymen in California and support them with this struggle that they and I are facing. I would like to make plea and ask you to reconsider a price increase. As you know all of the dairymen are facing hard times and I'm also suffering the consequence in regards to my income. Of my income I have to divide it into 3 workers and we are suffering very much. Please consider my testimony and take action.

Thank you  
Martin Marquez



*November 11, 2009*

*CDFA Hearing*

*To Whom It May Concern:*

*For over 50 years our company has proudly served the dairy community in the central valley by supplying them with farm equipment and service support. The dairy industry represents over 60% of our total business and helps us employ over 100 workers who are dependant on us as we serve this vital sector of our business.*

*In all the years of service, I have never seen a downturn to our community and industry as what has occurred during the last 18 months. Literally dozens of local dairies are gone plus the financial cutbacks that have been seen by those surviving which in turn effects all our local communities from truck sales, furniture sales, appliances, to farm equipment needs.*

*This domino effect must be addressed to insure the future stability of our community and survival for our agricultural industry.*

*The financial impact the dairy has on our community can not be stressed strongly enough. Their success is our success...their downfall is our downfall. We must support our local dairy farmers or we too will be another extinct industry.*

*Please help our dairy industry THRIVE so we to can continue to grow with our communities.*

*Sincerely,*

*Tom Garton*  
*Vice-President*  
*Garton Tractor, Inc.*



**Green Horizon, Inc.**  
**2930 Geer Rd. Ste206**  
**Turlock, CA 95382**  
**209.669.1734**

**November 11, 2009**  
**Class 1, 2, 3, 4a, and 4b Milk Hearing**

**HEARING TESTIMONY**

**Green Horizon, Inc.**

**Joey Mattos**

**Mr. Hearing Officer, members of the hearing panel:**

**I am Joey Mattos, president and owner of Green Horizon, Inc. a local Landscape Design, Installation and Maintenance business. I have lived and worked in the Hilmar - Turlock, CA area all of my life and have personally seen the impact and importance of the milk and dairy businesses in our community and to our businesses.**

**As you well know, when larger supporting businesses begin to see a loss, it not only affects them and their livelihood but all the community and businesses of which are associated with their milk and dairy business. Our business feels the affect of such cutbacks by the milk and dairy business as we are a vendor of many local dairies and we provide them services of which they have to decrease due to their businesses decrease in money received. The cost of living, supplies, gasoline, products and services of which are necessary to keep their business alive continues to raise and if they are not given fair market value for their product they**

produce they will fail and ultimately the community around them of which they have helped to build and support will also. I believe that the milk and dairy producers should receive a fair share of the market milk prices as they have worked hard to produce a commodity that is so valuable in our world and in our community. They still have to abide by all the rules and regulations and pay for their own business operating expenses to ensure milk and dairy products are safe for consumers. I as a consumer of the product of this industry want this to also be a priority for you and for them.

I am a vendor that will be affected by changes to the milk and dairy business, but I am also aware of how our community will be affected. There are numerous local dairies that continually support fantastic causes such as school and church events, fundraisers for charitable causes and many others to only mention a few. Because these local dairymen and dairywomen care so much about their community, these cutbacks will drastically affect how they can provide not only monetary and goods as support but also their personal time.

I am writing this today not just for myself or my business, of which I know will be truly affected by this lack of passing on some of the fair share to our milk and dairy producers. but to also support and represent the dairywomen and dairymen of the State of California.

Respectfully submitted,

Joey Mattos  
President  
Green Horizon, Inc.



**CENTRAL VALLEY AGRICULTURAL GRINDING, INC.****5707 LANGWORTH ROAD****OAKDALE, CA 95361****PH# (209) 869-1721****FX# (209) 869-1795**

November 11, 2009

To whom it may concern,

My name is Mike Barry, I am the owner/president of Central Valley Ag Grinding, Inc. and a dairy producer from Oakdale California.

Central Valley Ag Grinding, Inc. has provided services from feed sales, feed processing and trucking to primarily the dairy industry for 15 years. We currently have 40+ employees company wide.

Over the past 12 months, we have been forced to lay off employees, freeze new hires and keep most purchases to a minimum. We are entertaining cutting health and other employee benefits in an attempt to survive thru the economic conditions of the dairy industry.

With the lack of revenue from dairies to purchase feed and services we will not sustain as a company due to the insurmountable debt incurred thru 2009 on account receivables and other losses. Without immediate support to our dairy industry, we will not survive another year.

Please recognize that by coming to a solution to saving our dairy industry, it sustains other businesses that provide goods and services as well.

Regards,

Mike Barry  
Owner/President  
Central Valley Ag Grinding, Inc.



## **DEPOT GARAGE, INC.**

435 - 4TH AVENUE GUSTINE, CALIFORNIA 95322 209-854-2433

Mr. Hearing Officer, members of the hearing panel:

I am Jose Reynoso, owner of Depot Garage Inc., one of the many businesses that have been affected by the suffering dairy industry.

As a small locally owned business, we rely heavily on local dairies for the majority of our income. After the turn the economy has taken, with automobile sales dipping to where they are today, we are depending on dairymen today more than ever. The effect milk prices have taken on our daily sales, as well as the slowing of our company's cash flow, has been echoed among the many businesses in the central valley.

If more of our customer's businesses fail, we will be forced to close our doors. Many of our customers in the dairy business have been forced to file for bankruptcy protection with little assets to cover their debts. For milk prices to be so unreasonable for dairies, and yet still the same price they were when fuel was over \$4.50/gallon leave me to believe somebody is profiting at the expense of everybody else.

Our government needs to regulate this system to protect the many people who are suffering from the greed of the few businesses profiting from this. The plants and retailers will not suffer if 25% of dairies close down. They will just hike up prices to pass on to the consumers. The consumers in California cannot afford to wait for dairymen to ride things out. Without this panels help, the dairy business, along with many businesses affected by them, will fail. We need your help!

Sincerely,

Jose Reynoso  
Owner  
Depot Garage Inc.



THE TRUCK PEOPLE FROM GENERAL MOTORS



# LEAP/CARPENTER/KEMPS

## Insurance Agency

November 11, 2009

The Honorable A.G. Kawamura, Secretary  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

Dear Mr. Secretary,

I am writing to you today in support of an increase in the per cwt price for all classes of milk.

Although not a member of the dairy industry myself, I attended the Emergency Hearing to Consider Uniform Price Increases on November 9 in Sacramento. My interest was driven by the fact that my in-laws are dairy owners as are many of my friends and customers.

From the perspective of someone outside the industry, the market forces and formulas used to determine milk pricing are extraordinarily complex and not easily understood. It is also clear that there is disagreement among some within the industry on how pricing stability at adequate levels for all involved can be achieved and maintained.

One thing is certain. Current market conditions are having a devastating effect on dairy operators that we know and work with. Dairy owners have always accepted the risks inherent in their business. Price volatility in feed, fuel, labor and the pressures of environmental regulation have forced all who survive to be more efficient than ever.

The significance of dairies to the health of our state's economy cannot be over emphasized. Not only do they produce a key input for healthy food products, they provide dairy owners and their employees with a livelihood. Their need for products and services to sustain their operation also adds value to the economy beyond the boundaries of their industry.

Financial pressures brought on by this crisis have made increasingly difficult for every operator to meet their obligations and have pushed them to the brink. The pricing increase that you are currently being asked to consider will not solve the entire problem but every little bit will help. Please act now.

Thank you for your department's willingness to hear the matter and for your consideration of the request before you.

Sincerely,

Mike Carpenter  
Vice President

**Maricopa**  
3187 Collins Drive • PO Box 1512  
Mesa, CA 95341-1512  
(209) 384-0727 • (800) 221-0864 • Fax (209) 384-0801

**Fresno**  
Ronald D. Carlson, Vice President Fresno Office  
377 W. Fallbrook, Suite 104 • Fresno, CA 93711-6225  
(559) 449-2875 • (888) 501-0909 • Fax (559) 449-2877





**MCCORMICK  
BARSTOW LLP**  
ATTORNEYS AT LAW

Anthony Raimondo  
800-433-1300

[araimondo@mccormickbarstow.com](mailto:araimondo@mccormickbarstow.com)

FRISCO, CA OFFICE  
6 River Park Place East  
Frisco, CA 95720-1801  
P.O. Box 28812  
Frisco, CA 95728-0812  
Telephone (925) 433-1300  
Fax (925) 433-2500

Other offices of  
MCCORMICK, BARSTOW, SHEPPARD  
MAYHEW AND GARRUTH, LLP

[www.mccormickbarstow.com](http://www.mccormickbarstow.com)

MODesto, CA OFFICE  
Centre Plaza Office Tower  
1150 Ninth Street, Suite 1200  
Modesto, CA 95354  
Telephone (209) 824-1100  
Fax (209) 824-1188

LAS VEGAS, NV OFFICE  
337 West Sunset Road, Suite 300  
Las Vegas, NV 89115  
Telephone (702) 549-1100  
Fax (702) 549-1101

CINCINNATI, OH OFFICE  
Scripps Center, Suite 1050  
312 Walnut Street  
Cincinnati, OH 45202  
Telephone (513) 782-7820  
Fax (513) 782-7821

November 11, 2009

California Department of Food and Agriculture

Re: Milk Price Testimony

Dear Gentilepersons:

I am a labor attorney that works primarily with dairies. In my work, I travel our great state, and am thankful for the opportunity to meet and work with the families that are the backbone of California's dairy industry. Every time my children drink a glass of milk, I am proud of the small role that I play in helping these family farmers to achieve success. I can tell you from personal experience that dairy families are people of tremendous pride and integrity; the financial disaster that has been visited upon them as a result of the collapse of the dairy economy has taken an emotional, as well as a financial toll.

My practice has never been as difficult or as sad as it has been over the last year. As I visit with dairies from San Bernardino to Marin County, I see hard working, industrious dairy families facing the extinction of their family legacies. In many cases, dairy families see the work of generations evaporating as milk prices remain below the cost of production. Sadly, I have no answers for them. Unlike many other businesses, dairy farmers are at the mercy of the milk price. When, as now, that price falls below production costs, the dairy is forced to take a loss no matter how efficiently and productively they operate their business. These families cannot pass on their cost increases to the consumer, and must only hope for an increase in milk prices. In my area of specialty, I have seen layoffs of loyal dairy workers, wage cuts, and loss of benefits as dairies desperately search for ways to survive.

What is happening in our dairy industry is nothing short of a tragedy for our state. Much has been said of the value to society of the family farm, and this is an industry made up almost entirely of family farmers. Once it is lost, it cannot be regained. We must act now to preserve an important part of our social and economic well being. I want my children to drink milk from California. I am proud that our state's dairy products are a key to a healthy diet for children and adults nationwide. If we want to preserve this critical industry, we must act now. The time for words has passed, and the time for action has arrived.

Over the last year, we have seen the government extend massive bailouts to Wall Street and to the automotive industry, businesses who created their own crisis with decisions and actions that were at best ill conceived, and at worst, unethical. It is time for our government to act to help those who did not create this crisis. Farmers that I speak to do not seek a bailout or a handout. All they want is a helping hand so that their businesses can be viable. If we give them an opportunity to make a profit, they will do the rest.



**McCORMICK  
BARSTOW LLP**  
ATTORNEYS AT LAW

California Department of Food and Agriculture  
November 11, 2009  
Page 2

These circumstances are particularly egregious, as dairy farmers are asked to shoulder the burden of the economic conditions alone. Retail prices do not reflect the reduction in the price paid to dairy producers. We have failed our farmers by asking them to take the full brunt of the consequences of this economic collapse. The time has come to say "no more."

The answer is simple. Milk prices must be tied to the cost of production, at least for the short term, to allow our dairy families to survive while the larger economic structure of this industry is examined, and long term solutions are put in place.

Farming, especially family farming, is a critical component of our society and our economy, but it appears to have been forgotten in our modern age. We must make a choice to preserve this heritage as part of our state's future or risk its irrevocable loss. I, for one, am not willing to take this risk. I implore you to act now to stabilize this industry, and to work to preserve it for future generations.

Sincerely,



Anthony Raimondo  
McCormick Barstow LLP

1475733.v1



1815 W. Greenwood Ave, Turlock, CA 95381 - P.O. Box 1670, Turlock, CA 95381 • Phone: 209/834/1777 Fax: 209/834/8883 • Web site: www.nands.com

N&S Tractor Co.  
PO Box 1670  
Turlock, Ca 95381  
November 11, 2009

California Department of Food & Ag  
1220 N. Street  
Sacramento, Ca 95814

To whom it may concern,

As you may know, recent changes in the dairy industry have forced us to make some difficult decisions here at N&S Tractor Co. We have seen a decline in sales revenue, and our accounts receivable has risen to unsustainable levels. Our cash flow, as a result of low milk prices, is at a very dangerous level and is effecting the future of the company. In order for the company to succeed in the future, we must streamline our organization today.

Therefore, it is with regret that we have had to make some layoffs in our company. Additionally, it has become necessary to withhold parts and service sales to some dairymen because of credit issues. It is our hope that these unfortunate changes will help sustain the company until something can be done to help the dairy industry recover.

Sincerely,

Arthur R. Natcher  
President  
N&S Tractor Co.

# **Cal Coast**

**General Building Contractor**  
TURLOCK, CA  
UCB011 007/001

November 10, 2009

California Department Of  
Food & Agriculture  
1220 "N" Street  
Sacramento, CA 95814

**To Whom It May Concern:**

Cal Coast Dairy Systems, Inc. has been involved in the dairy industry since 1969. Our company is a full service general contractor specializing in complete design/build needs of the agriculture industry.

Over the last year we have seen dramatic changes in the dairy industry. Customers are having difficulty due to low milk prices and high input costs. Cal Coast prides itself on working well with our customers so we have tried to help as much as possible. We have extended payment terms for some customers and created payment arrangements for others. These options have helped our customers but have created a strain on Cal Coast's relationship with its vendors.

With these low milk prices our customers do not have the revenue to perform necessary repairs, nor can they continue to grow. Without repair work or any new construction Cal Coast also feels the tremendous impact caused by the low milk prices.

In conclusion, the extremely low milk prices are causing a chain reaction for all businesses associated with the industry. Many companies are struggling to make ends meet. An increase to the milk prices would benefit all those associated with this industry and prevent more companies from going out of business.

Sincerely,



Lon L. Baptista  
President/Owner

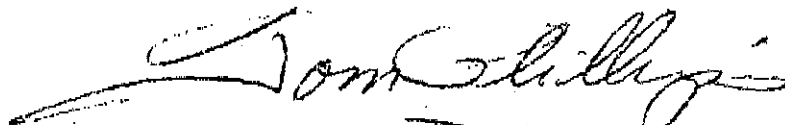
P. O. Box 737 • 424 S. Tanager Road • Turlock, California 95381  
1-800-732-6826 • Bus (209) 634-9026 • Fax (209) 634-3458

LADIES & GENTLEMEN

AS A BUSINESS OWNER IN  
A FARMING & DAIRY COMMUNITY,  
I HAVE SEEN FIRST HAND AND FELT  
THE NEGATIVE IMPACT OF LOW  
MILK PRICING FOR THE DAIRIES.

THE WHOLE AREA ECONOMY IS  
AFFECTED. OUR SALES & ACCOUNTS  
RECEIVABLES HAVE GREATLY SUFFERED.  
THE DAIRIES, THE TRUCKERS, THE  
EQUIPMENT COMPANIES, HUNDREDS OF  
RELATED BUSINESSES & WORKERS  
IN GENERAL ARE SUFFERING THE  
EFFECT OF THIS PRICE SITUATION.

THE DAIRIES & ALL OF US  
NEED MILK PRICES RAISED TO  
A REASONABLE LEVEL.



TOM PHILLIPS  
TIRE & WHEEL CENTER  
HILMAR, CALIF. 95324  
(209) 632-8275



# **R&J Avila**

## **INCORPORATED**

8119 Ellington Avenue • Hilmar, Ca 95324 • (209) 669-7919

Dear All Class Milk Emergency Hearing Panel Members,

I write to you today as a concerned California dairy industry vendor. I was unfortunately unable to attend your hearing held November 9<sup>th</sup> in person, but would like to take this time and write to you about the effect the tremendous economic plight of the California dairy industry has had on dairy farmers and businesses serving the dairy sector.

Over the last year, dairy farmers have seen their farm income drop substantially and witnessed their hard earned equity erode. Farm income is at a level that hardly allows dairy farmers to pay for the cost of feeding their cattle let alone the other overhead costs associated with running their business. Dairy farmers are losing tens of thousands to hundreds of thousands of dollars per month depending on the size and scale of their operations.

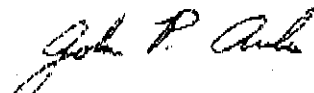
In California alone, the dairy industry had an economic impact of over **61 BILLION DOLLARS** in 2007 (<http://www.realcaliforniamilk.com/content/economic-impact>). The dairy industry in California keeps an abundant number of people employed. These people include not only the employees of each individual dairy farm but also the many support industry companies that **ALL WORK TOGETHER** to assist these dairy farmers in bringing quality, healthy dairy products to the consumers in this state, nationally, and abroad.

I represent one of the many small businesses being affected by this tremendous downturn in dairy farmer income. I have the **GREAT PRIVILEGE AND BLESSING** of being able to work with many California dairy farmers every month providing them with products and services. Given the current economic environment for dairy farmers, they are forced to reduce spending **SUBSTANTIALLY** just to pay some of the bills, which affect their expenditures with my company and fellow vendors. In talking with fellow vendors in the dairy industry, double-digit percentage losses in sales to the tune of hundreds of thousands if not millions of dollars seems to be the norm. Our Accounts Payable and Accounts Receivable continue to far exceed our bank accounts.

It is not uncommon for dairy farmers to spend thousands of dollars each month with 50, 60, or even 70 different companies or individuals. If nothing is done to help these hard-working dairy farmers receive a fair price for their milk that is inline with the cost of production, their businesses will cease to exist as well as the need for businesses like mine.

I urge you to **PLEASE** make a concession for California dairy farmers and raise **ALL** class milk prices to reflect cost of production allowances. We absolutely need dairy farmers to stay in business for the good of this state and nation. If we think the current economic situation is discouraging now, it will be even more so if dairy farmers are forced to close their doors. Thousands of people will be out of work, and **BILLIONS** of dollars in revenue will disappear.

Thank you for your consideration.

  
John P. Avila  
Chief Financial Officer

**JP Handy Service  
1737 West Bradbury Road  
Turlock, California 95380**

---

John and Fatima Ponceano  
1737 West Bradbury Road  
Turlock, CA 95380

RE: November 9, 2009; Class 1,2,3,4a, and 4b Milk Hearing

Dear Mr. Hearing Officer, members of the hearing panel:

We are John and Fatima Ponceano who have a small business – a handyman service.

Being small business owners who rely on dairy farms for business, the affect on the dairymen has also affected our business. In lieu, it has made living simply difficult. Since dairy farmers have not been paid properly, we in turn, have not been paid either. If the dairymen do have any money to send, they send it late because they are in dire need of paying their bills in priority. This has made it difficult and almost nearly impossible to meet our monthly bills, putting us in danger of going out of business, as have other dairymen and their vendors.

We are appealing on behalf of the dairy industry, for you to allow the temporary, 12 month plan, to the dairymen in order to help them get through this difficult time so that they are able to pay their outstanding balances.

Respectfully,

  
John and Fatima Ponceano

Subj: (no subject)  
Date: 11/11/2009 8:49:33 P.M. Pacific Standard Time  
From: [donnafwake@yahoo.com](mailto:donnafwake@yahoo.com)  
To: [Ldairy@aol.com](mailto:Ldairy@aol.com)

MR HEARING OFFICER , HEARING PANEL:

My name is Donna Wake, my husband and I bought a feed mill in Willow Springs, Missouri 20 years ago, March 11, 1991. We have worked very hard to make our business a success my two boys ages 25 and 30 are now working with us and would like to take over the business. We have invested a lifetime of work and tons of money in this business. But our business will not be able to survive if there isn't some kind of price help for the dairy farmers. We are currently facing several hundred \$1000 of dollars of Account Recieables that the dairymen don't have the money to pay. We are to the point we can't go out any farther because we don't have any money either.

We have been through many down time in the past 20 years, there has never been a time like the past year. We always have one or two people that can't or won't pay there bill. In the last year we have had several dairymen that have always paid there bills promptly come to us and tell us they can't pay us until they find something to sell. We have had people selling off equipment, land, and part of there herds just to pay the feed bill. These people have worked hard for what they have and should not be put in this situation.

The dairymen just like myself are not asking for a big big paycheck we just want to be able to make a decent living. If something isn't done soon, the family dairy farm will be a thing of the past and so will the independent feed mills. Farmers are the backbone America without them and all the other business they support life as we know it in southern Missouri, any many other parts of the country will cease to exist.

Please help our dairymen get a fair price for there commodity. This will in turn help the family owned Feed Mill's, Implement Dealers, Grocery Stores, Department Stores, Parts Stores, Car Dealerships and just about every other business around. The current pricing scale is not fair and it is not working. Without your help there will be a crisis of great magnitude and it will ripple through the economy as a whole. People that don't even know what a dairy farm looks like will feel the effects, they may not know what caused it, but they will feel it. I hope you will help all of us help ourselves.

Thank you for time:

DONNA WAKE  
WAKE FEED & FERTILIZER  
WILLOW SPRINGS, MO 65793

Art Silva Dairy  
P.O. Box 885  
Riverbank, CA 95367  
10 November 2009

To: The Hearing Officer and Members of the Hearing Panel to Consider  
Increasing the Price for All Classes of Milk

I am writing to urge you to save the California dairy industry and increase milk prices for all classes of milk. The disparity between cost of production and the price producers have been paid for their milk during the past twelve months has almost doubled. Costs of production have reached unprecedented heights while milk prices have continued to drop month after month with little relief.

I am deeply concerned for the viability of my own dairy and for the troubled and dwindling California dairy industry. Since this crisis began last year, I have witnessed several fellow dairyman lose their diaries and livelihoods and, like them, have done everything in my power to save mine. There are several days in the work week that I am working around the clock and have taken on a second job providing custom farm work to help pay my bills. My farm equity is virtually depleted and I, like many others, am running out of time. However, I am hopeful that my plea and those of my fellow dairymen will be heard by you.

California dairy producers take pride in providing a quality product to consumers and deserve a fair price for their milk. We need a cost of production allowance in order to survive the ongoing dairy crisis. I urge you to act today to keep the dairy industry alive in this great state of California.

Sincerely,

Art Silva

Subj: **Testimony**  
Date: **11/11/2009 5:09:49 P.M. Pacific Standard Time**  
From: **EasyRydin**  
To: **Ldairy**

Diana Morris  
Morris Dairy Farms  
Morris Jersey Girls

The guy from CDI said he did not want to give the temporary increase because of rising costs of loans and he is hopeful but not confident in his producers then he should close his doors ASAP. He has lost 40 dairies within the year, that means he has lost revenue and will continue to lose revenue if producers kept going bankrupt. The Nestle lady complained about losing some of her 401 K, at least she still gets her constant pay and is able to contribute to her 401 K. Producers have no control of what they are to be paid. The market is on a constant roller coaster that most producers do not understand. To contract the milk is very scary for producers because of the long term period, they fear that they could lose on a higher price throughout the year. I believe not most dairymen have committed to a long term contract. The Dairy Industry is the biggest gamble not to say the work is also very exhausting. We are dealing with live animals which means that it is a 24/7 operation. If the milkier does not show up for the 2 am milking, you bet that the owner that want to bed at midnight will be out there serving that milkier's straight 8 hour shift. These creameries have had many luxuries and do not want to suffer a temporary loss when we producers have suffered a year long struggle to pay our bills, keep the vendors quite while keeping, for some, their life's work. My father is not just a producer but he is also a vendor do other producers. He has a chopping business, so while he's drivers are paid, the fuel, repairs and other such expenses to chop corn, the accounts receivable continues to grow into 30, 60, 90 days unpaid. That is a hit on both sides, meaning more expense and less money to cover those expenses. My father has been in the business about 40 or more years and in the 31 years of my life I have never seen my dad so afraid of what might lie ahead. He is 61 years old today and he still wakes up at 5:30 in the morning and goes all day. He is thinking of slowing down but with the market price so low it is not something to rely on. A few months ago, we received a letter from Hilmar Cheese needed a 5% increase in milk production. Who do we do that? We cannot afford to feed the herd we have because we are losing on average \$3-\$5 per a hundred weight. How do we find the money to buy more cows to feed, more workers to milk them? How is it fair that Kraft and Deans foods have record highs in income yet the producers are afraid that they don't know where they're going to get money to pay off their ever growing debt?



## *Silva's Holstein Dairy*

6706 Elaine Road ♦ Turlock, CA 95380  
(209) 632-1223 ♦ Fax: (209) 656-0988

November 11, 2009

Dear All Class Milk Emergency Hearing Panel Members:

Please take our testimony in consideration of our dire need to have milk prices reflect cost of production.

My parents came to California in 1970 from the Acores Islands of Portugal to start their lives and to live the American dream. My dad was able to find a job as a milker with a large dairy in Los Banos, it was here that he fell in love with the dairy business and the cows that he milked everyday.

His dream was to own his own dairy someday and that dream finally came true in 1988 after many struggles for our family of five. We've seen a lot of up and downs since we started but we have never experience this sharp of a down turn.

I have been the bookkeeper for the family dairy since it began and have never seen it as bad as this year. We are hanging on by a thread and have the most debt than we have ever had in the 21 yrs of business. We have been told by our accountant and banker that we are one of the best operations in their portfolio but yet we struggle to pay the bills each month.

We have been proud in the past to be able to pay off all our bills with a few months but this time it's taking much longer and if we don't see milk prices go up soon we will be forced to use our equity to pay the bills.

Unlike many other industry we can't simply turn the cows off...they need to release the milk and we need to keep feeding them nutritious food to keep them healthy. We anxiously await the notice from our milk handler every 15<sup>th</sup> and 30<sup>th</sup> of the month to find out how much the milk check will be and lately it hasn't been good. We have had to extend our loans and fortunately have a good relationship with our bank that they have been supportive...but for how long?

We desperately urge you to pay us for what our commodity is truly worth. We provide a healthy, nutritious commodity that is essential to child development.

Our family dairy may have been started by my parents but it is also a livelihood for my brother. It is all he has ever known and takes pride in making this a business that he will someday pass on to his 4 children and beyond.

Please take a moment to hear our pleas, although we are unable to represent in person we are out here working 24/7 to provide healthy, nutrition milk to everyone. California dairies needs your support and understanding so please hear us.

Thank you for the opportunity to tell our story and if you would like further testimony please feel free to contact me.

Sincerely,

Manuela Dias  
Bookkeeper

To Whom It May Concern:

Being quite involved in the dairy industry, I am very disturbed at what is happening. My name is Denise Alves and I am a wife, daughter, sister, and a niece to dairymen. I have my Associates Science Degree in Dairy Science and I am currently working on my Agriculture Business Degree from Modesto Junior College. I am able to see what the dairy business is going through both on the science side and the accounting side. The dairy business needs aid in more ways then one. They need it quick before it is too late. Milk is the highest producing commodity in California, but the farmers are not getting what they should be for producing it.

Agriculture in this day and age is soon to be forgotten. We are sending all of our water down south so people in Hollywood can water their lawn; meanwhile our farmers in the valley are paying an arm and a leg for their water so they are able to water their crops to feed their animals and us people! We are building home after home over fertile ground that could be used for crops. Instead we have lawsuits against dairymen who have complaints about the flies and the smell because a new neighborhood was built 2 blocks away from them!

The dairy business seems to be getting picked on for every aspect of our industry. Who started blaming cows for pollution? Really why are we spending money and time to fight this issue? Cows have been on this earth long before you, I and CARS!! I don't know about you but I would much rather lock myself in a room with a cow rather then a running car.

If we are not careful, we are going to have to start importing our food from other countries! People are complaining about the price of milk in the store right now, the rate the dairy business is going, we are going to have to start importing our milk from another country! Do you really want to start drinking your milk from Mexico? The food standards here in the United States are some of the highest in the world. Why would you want to risk all that? Because the cost of dairy products is so high in the store, the demand for milk has gone down dramatically. It really makes you think if the dairymen are not

getting a cent for their product, and the consumer is paying too much for the product, who is really making the money here?

The media plays such an affect on this business that we need to find a way to stop it. Americans are so tuned in to what the television says and what the tabloids say. If a celebrity states that he or she gained weight because he or she drank milk, milk prices would drop because people would stop drinking milk. Calcium helps build strong bones, elevate your blood pressure, reconstruction of cells and tissue, and helps with weight loss. Milk, which was a drink that every household drank daily, now has to compete with not only organic products and soy milk, but sodas, energy drinks, juices, etc. Milk is not a main priority to people anymore and people have forgotten the value that it has health wise.

The income that dairymen are receiving for their milk is not covering the cost to produce it. The cost of feed alone takes up approximately 60-75% of their income from their milk production. We are just not getting enough for our milk to cover our daily costs. Why is it that the government can bail out banker after banker for making ridiculous mistakes, but the dairy industry is not getting any slack? MSN had an article about the possible involvement of the government to help the dairy industry. I decided to read all of the comments people left. There were intelligent people that defended the industry from people who obviously had not clue about the dairy industry. Dairymen are falling fast and they need help. Dairymen are constantly lowering their herd sizes because they are no longer able to afford all their cows. How is it that California's herds are dropping in size but other states, such as Wisconsin, remain the same? California's state regulations are so in demand that it is ridiculous. To build a creamery, paperwork takes approximately 5 years before you are even able to start building. An example would be Hilmar Cheese. California regulations ran the process of building another processing facility straight into Texas. If something is not done, the dairy industry is going to disappear from California.

If the Dairy business or any animal business goes under, there is going to be a flood in unemployment. Agriculture employs thousands of people. If you work for starbucks and



we no longer are able to produce milk, there is a chance that you might be out of a job because who makes lattes and cappuccinos without some sort of dairy product. Or if Starbucks decided to purchase imported milk, then expect to pay \$10.00 for your special tall coffee. Every business is affected by the dairy industry in one way or another. I work for a tractor dealership and sales have gone down dramatically. Dairy men are struggling to pay their bills. This makes me fear for my job because how much longer can these companies last without money coming in.

In conclusion, something needs to be done. The Dairy industry is not going to last much longer in these conditions. We need to not only raise the price of milk, but also alert the media as to why the dairy industry needs help. Many people are uneducated when it comes to agriculture and it is our job to educate them.

A Dairy Girl For Life,

Denise Alves

Ceres, California

**Subj:** Milk Price Increase /ATTN:DAVID IKARI  
**Date:** 11/11/2009 4:46:52 P.M. Pacific Standard Time  
**From:** AJLS101  
**To:** dairy@cdfa.ca.gov  
**CC:** Ldairy

Dear Sirs:

As a dairyperson in Southern California I cannot allow this important occasion to pass without submitting my thoughts on the horrendous months we have just been through and are still dealing with.

While we have had a ten month tsunami of deficits to the tune of \$100,000.00 dollars per 1000 cows per month, Kraft, Nestle, Deans Food and other processors have revealed gains of 11% and more above their projected targets, enjoying and relishing all of their profits off of the backs of America's dairymen. They do not support their suppliers nor do they stimulate purchases by lowering retail prices to match the dairymen's prices of one-half of the cost of production. This has been the most debilitating period witnessed by the dairymen in 40 years.

Co-ops were formed to consider protecting producer's prices but as we are witnessing, this is no longer the case. They have ignored the billions in losses to the producers in favor of protecting their own bottom line. The guaranteed profits that processors make through the make-allowance, whether co-ops or private industry, has turned their attention away from the producer's plight.

WE, as individual dairyperson's, need help and we need it NOW!

Sincerely,

Mary Borba Parente  
8550 Edison Ave.  
Ontario, California 91762

Doilinda Borba  
19584 Gibraltar Court  
Hilmar, CA 95324

Nov 10<sup>th</sup>, 2009

California Department of Food & Ag  
1220 "N" Street  
Sacramento, CA 95814

To Whom It May Concern:

I am writing you today as dairymen, young mother, and California Citizen. My husband and I are 4th generation dairy farmers. Our grandparents immigrated from the Azores Islands in the 1930's to pursue the dream of a better life. Through an admirable work ethic of blood, sweat, and tears, they were able to follow their dreams of becoming dairymen and farmers here in the San Joaquin Valley of California. They have taken great pride not only in their crops but in harvesting a good wholesome product for the general population. I feel very fortunate to be brought up with the same values and work ethic of my parents and grandparents. My husband and I too have continued in the dream of farming and dairy. We bought our ranch on our own and did not inherit it. Now we are unsure if there is any future for us young farmers.

Unfortunately the drastic drop in milk prices paid to farmers over the past year has led to an unprecedented crisis for us dairy farmers who have been hit by the perfect storm. We have been getting paid half of what our productions costs are. Low milk prices and high productions costs threaten to push about 1/3 of dairymen off their land over the next couple of months. We will be one of them along with other dairymen in our area which also includes dairymen who have been in business for many years. They have been forced to deplete all of their equity in which they have worked so hard to acquire.

Although I would have liked to attend the November 9<sup>th</sup> Milk Price Hearing, it was not feasible. I have a dairy farm to run at home along with all of the tillage work and the planting for our oat crop. We are unable to hire any additional help due to insufficient funds. We have prospective employees knocking on our door

---

every day looking for work, but because of the prolonged downward spiral of the dairy industry, we can't hire any additional employees.

My testimony is pretty simple. I realize the ups and downs of the milk market and that there is going to be good times and bad. It should be based on supply/demand. But it's **blatantly** obvious that the milk price is being manipulated. How are the co-ops/processors making record profits, while we dairymen can't pay our bills? Why is it since 1984, the dairy farmers have lost 50% of the retail share? It is rather unfair that the processors have a make allowance, they are always guaranteed to cover their cost of production. Yet we hard working farmers are hoping to survive another 15 days. We have to pay to go to work, instead of getting paid for working. When dairyfarmers can't pay their bills, it has a significant trickle down affect on the entire agricultural business community.

It is necessary that immediate action be taken. The survival of the California Dairy Industry is in your hands. Right now the system is broken and immediate action needs to be taken. Please I urge you to listen to the dairymen who are living this catastrophe every day. Listen to the venders and how many people they have had to lay off and how far out their accounts receivables are. Don't take the sole opinions of the processors/co-ops in their fancy suits as the "Word".

Sincerely,

  
Lorinda Borba

Subj: cdfa  
Date: 11/12/2009 11:48:45 A.M. Pacific Standard Time  
From: BayMeadowF  
To: Ldairy

Hearing Panel of CDFA

11-10-09

We are writing in support of incorporating the Calif dairy average cost of production quarterly figures into the California milk pricing formula. We are asking for this to rectify the error of only using the average prices from CME. The CME is only a minimal clearing house for products of up to 30 days from manufacturing. The CME is also a publicly traded stock on the New York Stock Exchange so that any major milk handler could own significant shares in it which could influence the results. Anything that has aged over the 30 days is not accountable in the pricing formula except to highly depress the announce price or highly inflate the price. There seems to be no stability for any length of time in the prices that are in the in between pricing zone so we are asking that another component be added to the formula to stabilize our minimal price which would be the average cost of production which would help alleviate these wild price swings that we the independent businessman are expose to. The processing side has their make allowance yet they espoused free market for us milk producers and have their costs covered in depressed times in the meantime. We commend the dairy women for their courage to represent us the independent businessmen of dairy producers and their wives and family.

Walt&Arnold Kessler

Thursday, November 12, 2009 America Online: Ldairy

Subj: Fwd: CDFA Emergency hearings  
Date: 11/10/2009 9:34:53 P.M. Pacific Standard Time  
From: ALEWYNDAIRY  
To: Ldairy

-----Original Message-----

From: alewyndairy@aol.com  
To: editor@cowsandcrops.com  
Sent: Tue, Nov 10, 2009 9:23 pm  
Subject: CDFA Emergency hearings

please forward to Linda Lopes:

Dear Linda Lopes,

I have never written this kind of letter before so here goes.

My name is Elane Alewyn, my husband Jack and I have been dairying here in the Chino Valley, in Southern California for 30 years. We milk approximately 1800 cows. During the past 30 years we have worked hard (with the help of our 3 kids), produced a quality product and paid the mortgage on our cows earning a fair amount of equity. Over the last 12 months we have borrowed back all of that equity plus more. We now owe more than we did in 1978 when we started. We rent the land our cows are on so the sale of land is not an option for us. If the price of milk does not increase we will go under and take feed brokers and service vendors with us. We have 15 employees that all have families, several have worked for us for more than 15 years. One man was hoping to retire in the next year.

Over the years the price of milk has gone up and down but we never thought of any other life. We have not increased our herd size since 2001 when we purchased an existing herd from our parents.

I would have liked to attend the CDFA Emergency hearing but cannot afford to leave the dairy. Thank you for attending the hearing and getting our story out. I have read at home on the Internet that processors like Kraft and Nestle were talking of no need to increase the price of milk and going so far as saying that the dairy farmers could "ride it out" this is not the case. If something is not done immediately to increase the price of milk to the producer we and others dairies will go out of business and take other businesses that depend on dairying for income with us.

Thank you,

Elane and Jack Alewyn  
Alewyn Dairy  
8031 Eucalyptus Ave.  
Ontario, California, 91762  
909/923-0714  
[AlewynDairy@aol.com](mailto:AlewynDairy@aol.com)

Subj: Post hearing brief CDFA  
 Date: 11/11/2009 12:14:25 A.M. Pacific Standard Time  
 From: TBTAMartin  
 To: Ldairy, TBTAMartin

I will begin with my apologies on my blunt testimony below. It is my response to a "publishers perspective" in Agribusiness Dairyman Magazine October 2009. I hate that I have become so jaded. I hate my feeling of hopelessness, but frankly, I have nothing to lose, I am just about to the end!

I did not attend the hearing. I feel that when dairy farmers have cried out for help in the past...there was always some "logical reason" to be rejected and often we had been accessed more.

I was not going to respond, but out of respect for for my fellow dairy farmers, and the work and faith they have put forth in this endeavor, I will make my plea.

Allow me to be clear...I do not blame CDFA for our predicament, nor do I feel you can fix it. As most witness' to abuse and injustice, you have pretended that it is not happening. You have turned your cheek, not really wanting to get involved...it is not your problem. As a victim, I am still not to proud to accept whatever help is thrown my way and I will have gratitude, that is how I was raised. This statement will make more sense as you read my response to Agribusiness Dairyman. As victims of abuse, we, as an industry must find the strength to fight and right these injustices that we have been lead to accept.

From Barbara Borges Martin  
 Tony Martin Dairy  
[www.dairygoddess.wordpress.com](http://www.dairygoddess.wordpress.com)

Dear Mr. John Van Vortwick

I want to congratulate you on your publisher perspective in your October 2009 issue of Agribusiness Dairyman. In reading your perspective it is exactly what I had asked myself when my co-op just recently asked for more milk from us. I immediately asked, "are you going to pay for it"? Their response is that they have to look for the future needs of the co-op...."your co-op"! We MUST keep the contracts! We MUST stay competitive. I thought to myself..."what about me, what about my business, what about what I have already lost?"....do they care? In reading your perspective, my thoughts, in print. A revelation came. Before my location to central California, I had worked nearly 5 years for Family Court Services of San Bernardino County Court of California. Everyday I dealt with battered spouses.

Upon reading your perspective I realized that we dairy farmers are very much like the battered spouses I dealt with daily...Now hear me out...We, as dairy farmers work hard. We take on all risks. We pay for our commodities to be delivered (if the companies have an increase of expense, we pay a "surcharge"). We then pay for the haul of our product to processing. What happens if the truck transporting has an accident, spills the milk...well it's our expense...we pay. We are accessed marketing fees, industry fees, etc....it is because it is "OUR" product. Retail profits, though, are retail profits. We are told "we need to stay competitive". Yet the major profits of our product are seen at a processor and retail level...with no credit to us. As batterers they convince the battered that "it is your duty, it is good for the "family", but when things don't go the way the abuser wishes..."it is all YOUR fault, you made too much, you made this mess, you are worthless...what are YOU going to do now?"

When we take these issues to our co-ops and industry reps we are told..."dairy farmers, when it's good get greedy....want to make the big buck....causing over production"! We hear this with every cycle and we, as a battered spouse BELIEVE what they tell us..."oh those dairyman...they can get together on anything...they are their worst enemy" (It is exactly what they want, abusers never want the battered to have alliances).

They have gained so much control over the producer that they have made us believe it. They make us feel that we need THEM...with out them we are nothing....we have been knocked down, as a battered spouse to believe, we are NOTHING without them.

They are smart and calculated as most abusers are...they play on our weaknesses. Those weakness are our obligation to our animals and humanity. The dairy farmers I know feel that it is a sin to throw good milk away. The dairy farmers I know will not compromise the health of their animal for profit. The co-ops know a dairy farmers conviction. They also know that it is an emotional career and that we will suffer just so that we can keep doing what we love to do. They bring us down to feel that we are worth nothing. That is what an abuser does. Then when an abuser goes too far they then begin to build us up. They give us misconceptions of healthy contracts, increased consumptions...they LOVE us again and we reap rewards....enough, hopefully, to dig us out of the previous hole.

Things change and then we hear yet again..."it is all your fault"...the cycle continues.

When we go to our co-ops or industry reps with questions...they dance....it's our fault...too much milk...exports

Wednesday, November 11, 2009 America Online: Ldairy

stopped...imports are cheaper.

I meekly ask repeatedly...why is our price discovery based on the CME? Why is it so thinly traded? Why don't we have an auditing function for cold storage reporting? Why are we importing MPC's without tariffs? All of these questions are answered by my co-op and industry reps as "trivial" that won't solve much, not the real problem, supply is in excess...Yet I am smart enough to know that with the lack of transparency and accountability, how do real we really know?

Is transparency too much to ask? Is what I am asking out of the question? Yet all I get is the "chicken dance"....no REAL answers! They know we are not going anywhere without them (abusers have this confidence). They don't care about the producers...why should they when there are processors making record profits...during these terrible economic times...that makes them feel very powerful...like abusers!

It all comes down to a National Supply Management program....(many say...I don't want those controls) My answer for that is....most battered spouses don't even realize they are battered and controlled...that is how the batterers succeed for as long as they do....it is a pattern of devaluation of who we are and the product we produce.

A National Supply Management would "FREE" us...yes...we would be in control. We could stand up and do what we are meant to do...dairy...make milk. We would be in control of a fair wage for our product. We can decide to take risks of expansions and growth without it being a "gamble".

We will always have issues and ups and downs but we can at least we could be in charge of the peaks and valleys that is natural for ALL businesses. We can stop the killing of animals to "balance" supply and we can stop the devastation of generations due to untimely departures of dairy businesses that were submissive to the "powers" that be...we can be grateful that it is somebody else...but it is just a matter of time before it is you! I ask myself everyday..when is my time going to be up?

Sincerely,

Barbara Borges Martin

Tony Martin Dairy

[www.dairygoddess.wordpress.com](http://www.dairygoddess.wordpress.com)

Barbara Martin :)

[www.dairygoddess.wordpress.com](http://www.dairygoddess.wordpress.com)